



## Latin America and the Caribbean: U.S. Policy Overview

U.S. interests in Latin America and the Caribbean are diverse and include economic, political, security, and humanitarian concerns. Geographic proximity has ensured strong economic linkages between the United States and the region, with the United States a major trading partner and source of foreign investment for many countries. Free-trade agreements (FTAs) have augmented U.S. economic relations with 11 countries in the region. The Western Hemisphere is a large source of U.S. immigration, both legal and illegal; with proximity and economic and security conditions the major factors driving migration trends.

Curbing the flow of illicit drugs from Latin America and the Caribbean has been a key component of U.S. relations with the region for decades. The flow of illicit drugs, including heroin, methamphetamine, and fentanyl from Mexico and cocaine from Colombia, poses risks to U.S. public health and safety. Since 2000, Colombia has received support through Plan Colombia and its successor programs. For over a decade, the United States also has sought to forge partnerships with other countries to combat drug trafficking and related violence and to advance citizen security, including through the Mérida Initiative, begun in 2007 to support Mexico; the Central America Regional Security Initiative (CARSI), begun in 2008; and the Caribbean Basin Security Initiative (CBSI), begun in 2009.

Another long-standing component of U.S. policy is support for democratic governance and the rule of law. U.S. policy efforts have supported democracy promotion, including support for strengthening civil society and promoting human rights and the rule of law.

### Increasing Challenges in the Region

Over the past several years, the quality of democracy has eroded in numerous countries, along with public satisfaction with how democracy is working. Venezuela has descended into a dictatorship under President Nicolás Maduro, and Cuba and Nicaragua are ruled by authoritarian governments repressing the political opposition. In 2019, many countries in the region experienced social unrest fueled by political factors such as fraudulent elections, weak democratic institutions, politicized judicial systems, public corruption scandals, high levels of crime and violence, and organized crime's effect on state institutions. Economic factors, such as declining or stagnant growth rates and high levels of income inequality and poverty, also increased social pressure.

The Coronavirus Disease 2019 (COVID-19) pandemic is having widespread economic, social, and political effects in the region. At the end of 2020, the region reported over 507,000 deaths (almost 28% of deaths worldwide), according to Johns Hopkins University. Before the pandemic, the International Monetary Fund projected a regional economic growth rate of 1.6% in 2020; in October

2020, it projected an 8.1% economic contraction. According to a July 2020 U.N. report, as a result of the pandemic, 45 million people likely will move into poverty in Latin America and the Caribbean in 2020. Many countries may struggle with protracted recoveries.

### Trump Administration Policy

Under the Trump Administration, U.S. relations with Latin America and the Caribbean generally moved toward a more confrontational approach, especially regarding efforts to curb irregular immigration from the region, compared with the approach of past Administrations, which emphasized partnership. In 2018, the State Department set forth a framework for U.S. policy toward the region focused on three pillars for engagement—economic growth and prosperity, security, and democratic governance. The framework reflected continuity with long-standing regional U.S. policy priorities, but at times appeared to be at odds with the Administration's sometimes antagonistic actions and statements on immigration, trade, and foreign aid. According to Gallup and Pew Research Center polls, negative views of U.S. leadership in the region increased markedly during the Trump Administration.

**Foreign Aid.** The Administration's foreign aid budgets for the region would have cut assistance levels by more than a third in FY2018 and FY2019, 30% in FY2020, and 18% in FY2021. Congress rejected those requests by providing significantly more assistance in appropriations measures. In 2019, the Trump Administration withheld some assistance to the "Northern Triangle" countries of Central America (El Salvador, Guatemala, and Honduras) to compel governments to curb the flow of migrants to the United States. In response to the COVID-19 pandemic, as of August 2020, U.S. agencies allocated \$141 million (latest figure provided) in new and previously announced assistance to help the region respond to the pandemic.

**Trade.** In 2017, President Trump ordered U.S. withdrawal from the proposed Trans-Pacific Partnership (TPP) FTA negotiated in 2015 by 12 Asia-Pacific countries; the TPP would have increased U.S. economic linkages with Chile, Mexico, and Peru, which were parties to the agreement. The President strongly criticized the North American Free Trade Agreement (NAFTA) with Mexico and Canada, threatened U.S. withdrawal, and initiated renegotiations. The three countries agreed in 2018 to a new United States-Mexico-Canada Agreement (USMCA), which entered into force July 1, 2020; the agreement retained many of NAFTA's provisions but included modernizing updates and changes.

**Mexico, Central America, and Immigration.** Relations with Mexico and Central America were tested because of inflammatory anti-immigrant rhetoric and immigration actions that shifted the burdens of interdicting migrants and offering asylum to Mexico. In 2017, the Administration

announced it would end Deferred Action for Childhood Arrivals (DACA), a program begun in 2012 that provides relief from deportation for certain immigrants who arrived as children; federal court challenges led to a June 2020 Supreme Court decision vacating the Administration's recession of DACA. In 2018, Mexico's president agreed to allow the United States to return certain non-Mexican migrants to Mexico while awaiting U.S. immigration court decisions. Other Administration actions on immigration also caused concern in the region. In 2017, the Administration announced it would terminate Temporary Protected Status (TPS) designations for Nicaragua, Haiti, El Salvador, and Honduras; federal court challenges put the terminations on hold.

Unauthorized migration from Central America has increased in recent years, fueled by difficult socioeconomic and security conditions and poor governance. The Administration used various policy tools to deter such migration. In addition to aid cuts and threats of increased U.S. tariffs and taxes on remittances, these tools included controversial *asylum cooperation agreements* with Guatemala, El Salvador, and Honduras to permit the United States to transfer asylum applicants from third countries to the Northern Triangle countries.

**Venezuela, Cuba, and Nicaragua.** As the situation in Venezuela deteriorated, the Trump Administration imposed targeted and broader financial sanctions, including sanctions against the state oil company, the country's main source of income. In January 2019, the Administration recognized the head of Venezuela's National Assembly, Juan Guaidó, as interim president. The Administration also provided humanitarian and development assistance for Venezuelans who fled to other countries, especially Colombia, and for Venezuelans inside Venezuela.

On Cuba, the Trump Administration did not pursue the policy of engagement advanced during the Obama Administration and imposed numerous economic sanctions on Cuba for its poor human rights record and support for the Maduro government in Venezuela. Sanctions included restrictions on travel and remittances and efforts to disrupt oil flows from Venezuela. On January 11, 2021, the State Department designated Cuba as a state sponsor of international terrorism, alleging Cuba is granting safe harbor to terrorists (the previous state sponsor of terrorism designation for Cuba was rescinded in 2015).

After political unrest in Nicaragua against the government of President Daniel Ortega began to grow in 2018, the Trump Administration employed targeted sanctions against several senior officials and other individuals and entities for human rights abuses or corruption.

### Congressional Action in the 116<sup>th</sup> Congress

Congress traditionally has played an active role in policy toward Latin America and the Caribbean in terms of both legislation and oversight. The 116<sup>th</sup> Congress did not approve the Trump Administration's downsized foreign aid requests for the region for FY2019 (P.L. 116-6) or FY2020 (P.L. 116-94) and instead provided aid amounts roughly similar to those provided in recent years. For FY2021 (P.L. 116-260), Congress provided funding for key initiatives and countries in the region at amounts higher than requested.

The FY2021 appropriations measure (P.L. 116-260) also included the United States-Northern Triangle Enhanced Engagement Act (the House approved an earlier version, H.R. 2615, in 2019), which requires the State Department to develop a five-year strategy to advance economic prosperity, combat corruption, strengthen democratic governance, and improve civilian security conditions in El Salvador, Guatemala, and Honduras, and the United States-Mexico Economic Partnership Act (the House and Senate previously approved their versions of the act, H.R. 133, respectively, in 2019 and 2020), which requires the Secretary of State to develop a strategy to prioritize and expand educational and professional exchange programs with Mexico.

On Venezuela, in December 2019, Congress enacted the VERDAD Act of 2019 in Division J of P.L. 116-94, which, among its provisions, codified several sanctions and authorized humanitarian assistance and support for international election observation and democratic civil society. The measure incorporated provisions from S. 1025 and three March 2019 House-passed bills: H.R. 854; H.R. 920, and H.R. 1477. In July 2019, the House also approved H.R. 549, which would have provided TPS to Venezuelans.

On trade, Congress enacted implementing legislation for the USMCA (P.L. 116-113) in January 2020. Before approval, the agreement was amended to address congressional concerns regarding labor, the environment, dispute settlement, and intellectual property rights. In September 2020, Congress approved legislation (P.L. 116-164) extending, through September 2030, certain trade preferences currently provided to eight Caribbean countries.

The FY2020 National Defense Authorization Act (NDAA; P.L. 116-92) included provisions on Venezuela and Guatemala and reporting requirements on Brazil, Honduras, Central America, and Mexico. The FY2021 NDAA (P.L. 116-283), enacted over a presidential veto in January 2021, included provisions, statements, or reporting requirements on Guatemala, drug interdiction in the region, Cuba, the Caribbean, Brazil, Colombia, Mexico, and Venezuela.

The House and Senate also approved resolutions on several countries in the region. These included S.Res. 35 (April 2019) and S.Res. 447 (January 2020), expressing support for democracy in Bolivia; H.Res. 441 (July 2019) and S.Res. 277 (October 2019), commemorating the 1994 bombing of the Argentine-Israeli Mutual Association in Buenos Aires; H.Res. 754 (March 2020) and S.Res. 525 (June 2020), expressing support for democracy and human rights in Nicaragua; and S.Res. 454 (June 2020), calling for the release of a Cuban democracy activist.

Also see CRS Report R46258, *Latin America and the Caribbean: U.S. Policy and Issues in the 116th Congress*; CRS Report R46514, *U.S. Foreign Assistance to Latin America and the Caribbean: FY2021 Appropriations*; and CRS In Focus IF11581, *Latin America and the Caribbean: Impact of COVID-19*.

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